

Interagency Contracting Recommendations

- 1. Increased transparency through identification of vehicles (e.g. GWACs, MACs, enterprisewide) and Assisting Entities. OMB conduct a survey of existing vehicles and Assisting Entities to establish a baseline. The draft OFPP survey, developed during the Working Group's deliberations includes the appropriate vehicles and data elements.**

The Working Group believes that the most important near-term task in the interagency contracting creation and continuation area is establishing a database identifying existing vehicles and assisting entities as well as their characteristics. It is the view of the Working Group the most expeditious means of assembling such information is in the form of a survey as currently drafted by the Office of Federal Procurement Policy (OFPP) in support of the Office of Management and Budget task force examining Interagency and Agency-Wide Contracting.

The OFPP draft survey is intended to gain a clearer understanding of the following:

- The number of interagency contracts that are currently in operation; the scope of these vehicles; the primary users; and the main rationale for their establishment;
- The level of acquisition activity conducted by Intragovernmental Revolving Funds (including the Franchise Funds) on behalf of other agencies;
- The number of enterprisewide contracts currently in operation to address common needs that could be (or have been) satisfied through an existing interagency contract; the scope of these vehicles; and the main rationale for their establishment.

The Working Group recognizes that such a survey provides no more than a snapshot of agency activities associated with interagency contracting. Such a survey will provide an immensely greater degree of transparency for the stakeholders. The results of such a survey should serve as a bridge to the more institutionalized database recommended in #3 below. In order to better serve that end, the Working Group also recommends that the OFPP and the interagency task force consider expanding the requirements of the draft survey to include vehicles currently in the planning stages.

- 2. Make available the vehicle and assisting entity data for three distinct purposes.**
 - a. Identification of vehicles and the features they offer to agencies in meeting their acquisition requirements (yellow pages).**
 - b. Use by public and oversight organizations to monitor trends in use.**

- i. Improved granularity in fee calculations**
- ii. Standard FPDS-NG reports**
- c. Use by agencies in business case justification analysis for creation and continuation/reauthorization of vehicles.**

The Working Group believes that the data gathered in the initial baseline survey should be structured in such a way as to allow for agency and public use. As noted above, the information should be viewed as a bridge to an institutionalized collection process. The Working Group believes that three major purposes should guide the structuring of information consistent with the findings.

First, the data should provide a detailed overview of vehicles and services available from assisting entities to allow agency procurement officials and managers to weigh the best acquisition strategy for meeting agency mission needs. The information should be structured in such a manner to allow “apples to apples” comparisons among the benefits of using different vehicles and entities as well as the fees associated with their use. The data should allow agency officials to make better decisions regarding the cost to the agency of the fees involved with using another agency vehicle, the internal costs of replicating the capability within the agency, or other options, including elimination of the effort.

Second, the data should be organized to allow oversight organizations, such as the Government Accountability Office and the agencies’ inspectors general greater visibility into the existing and planned vehicles and entities, trends in their use, and the degree and nature of any overlap among them. In particular, the initial survey should provide the groundwork for a meaningful comparison of the manner in which fees are calculated among different vehicles and entities to indicate whether a more systematic approach to fee establishment would be feasible or desirable.

Third, consideration of the information from the survey should be standard practice for any agency considering creating a new interagency or enterprisewide vehicle or continuing an existing one. The Working Group believes that a major component of a proper business case justification must be a reasonable and detailed understanding of other alternative acquisition approaches that are available in the Federal government or to specific requirement holders in a prospective customer agency.

3. OMB institutionalize collection and public accessibility of the information, for example through a stand alone database or module within transactions-based FPDS-NG.

As noted above, the Working Group believes that the initial OFPP survey should serve as the foundation for an institutional base of data and information on vehicles and entities. An institutional database with timely updates will be critical for the agencies’ success in managing the vehicles and entities under their jurisdiction. Such a database

PRELIMINARY WORKING GROUP DRAFT

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will also be critical for agency managers to develop sound acquisition strategies involving interagency contracting capabilities to meet their agency's mission needs. The Working Group believes that such benefits will offset the costs of collecting and maintaining this information.

OMB should explore various approaches to establishing such a database, whether as an additional module in the transactions-based FPDS-NG or as a stand-alone system. The Working Group believes that the different approaches have merits and costs, and careful analysis of the alternatives must be conducted before deciding on a single approach.

- 4. OMB direct a review and revision, as appropriate, of the current procedures for the creation and continuation/reauthorization of GWACs and Franchise Funds to require greater emphasis on meeting specific agency needs and furthering the overall effectiveness of governmentwide contracting. GSA should conduct a similar review of the Federal Supply Schedules. Any such revised procedures should include a requirement to consider the entire landscape of existing vehicles and entities to avoid unproductive duplication.**

The Working Group recognizes there is statutorily mandated process for the creation and continuation of GWACs, Franchise Funds, and Federal Supply Schedules. The Working Group believes and recommends that these statutory authorities regarding the process for creation or continuation of these vehicles need not be altered. With respect to the GWACS, the Working group further recommends that the Office of Management and Budget reconsider the current requirement for annual review and reauthorization of these vehicles. The working group believes that this period is too short given the complex nature and long-term nature of the work being undertaken under the GWACs.

The Working Group does believe that the cognizant agency should review the procedures under which these vehicles and entities are created and continued and revise them in ways they deem appropriate to ensure that emphasis is placed on meeting specific agency needs and the overall effectiveness of governmentwide contracting. The availability of more comprehensive data on other existing vehicles and entities should allow for more effective procedures for avoiding duplication that does not serve such overarching goals.

- 5. For other than the vehicles and entities described in #4 above, institute a requirement that each agency, under guidance issued by OMB, formally authorize the creation or expansion of the following vehicles under its jurisdiction:**
 - a. Multi-agency contracts**
 - b. Enterprisewide vehicles**
 - c. Assisting entities**

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Although the Working Group recommends review and revision of the current procedures for the creation and continuation/reauthorization of GWACs, Franchise Funds, and Federal Supply Schedules, it believes these procedures are fundamentally sound. However, there are no comparable common procedures for other interagency vehicles and assisting entities. The Working Group considered different approaches to address the problems associated with the proliferation of these interagency vehicles and entities. One approach that was considered would be to allow agencies full discretion to establish vehicles or assisting entities involved in interagency contracting. This “market approach” would rely on the extent of agency utilization over time to determine the viability of a given vehicle or assisting entity. Unfortunately, the market approach does not appear to be a criterion in agency creation and continuation decisions and it does not appear that this approach would be effective in addressing the negative impacts caused by the uncontrolled proliferation of vehicles.

The approach at the other end of the spectrum that the Working Group considered would be to establish a process whereby the Office of Management and Budget would formally authorize or reauthorize these vehicles and assisting entities. Based on previous experience with centralized approval processes (e.g. Brooks Act authorizations for automated data processing equipment and services), the Working Group believes this approach risks being too cumbersome and would be beyond the scope of existing or likely OMB resources. The Working Group also believes that this approach may inhibit the establishment or creation of a diverse set of interagency vehicles.

The Working Group believes that rather than serving as a central approval authority, the proper role for OMB is to issue guidance and procedures to structure the agency decisions with respect to the creation and continuation of individual vehicles or entities. The individual agencies should retain the responsibility for making decisions regarding the creation and continuation of these vehicles and assisting entities. The agencies have the personnel, resources, and requirements to establish or expand vehicles or assisting entities within the context of the agency mission. While recognizing this agency responsibility, the Working Group believes that achieving improvements in interagency contracting is best assured through the establishment of a more formal process within these agencies for the creation and reauthorization of these vehicles and entities. This heads of agencies should be accountable for the implementation of this process. All these vehicles and entities, along with those currently authorized by OMB and GSA, form the landscape of interagency contracting and should be covered by more formal procedures where they do not currently exist.

The Working Group notes that defining “expansion” precisely for the purposes of these recommendations is challenging. The term is intended to apply not only to cases where an existing vehicle or an assisting entity is opening up a new business line but also to cases where there is a significant increase in scope or size of contracts under an interagency or enterprisewide vehicle.

- 6. Institute a requirement that the cognizant agency, under guidance issued by OMB, formally authorize the continuation/reauthorization of the vehicles and entities addressed in #5 on an appropriate recurring basis consistent with the nature or type of the vehicle or entity. The criteria and timeframes included in the OMB guidance should be distinct from those used in making individual contract renewal or option decisions.**

As noted above, certain of the interagency vehicles and assisting entities, such as the GWACs, Federal Supply Schedules, and Franchise Funds, are subject to periodic review and continuation/reauthorization. The Working Group believes that the other interagency vehicles and assisting entities should be subject at the agency level to periodic review and disestablishment if they do not continue to meet specific agency needs and support the effectiveness of governmentwide contracting. The result of such periodic reviews should be the elimination of vehicles and assisting entities that represent unproductive duplication or for which there is no longer a valid business case.

The Working Group believes that this process must have teeth rather than be a pro forma review. The standard for the review should be the degree to which the vehicle or assisting entity is tracking to (or meeting) the performance measurements established at its inception. The OMB guidance on continuation should provide sufficient clarity to allow agency decisions on continuation/reauthorization to be subject to meaningful review and audit by oversight organizations.

With respect to the appropriate review timeframes, the Working Group believes that there is no “one size fits all” approach. The Working Group recognizes that each type of vehicle or class of assisting entity will justify OMB establishing different continuation/reauthorization review periods. A major consideration in establishing such review periods should be the nature and length of contracts and options under the vehicles or being managed by the assisting entities. A continuation/reauthorization review period for a given vehicle that is significantly shorter than the contract periods under the vehicle could present an agency with a serious obstacle to appropriate action if a continuation/reauthorization review indicates that the vehicle should be terminated rather than continued.

- 7. Have the OMB interagency task force define the process and the mechanisms anticipated by recommendations #5 and #6.**

The Working Group believes that OMB should be the responsible agency for preparing and issuing the guidance to implement recommendations #5 and #6. The process should be the result of collaboration with the chief acquisition officers and senior procurement executives of the individual agencies having jurisdiction over interagency, enterprisewide, or assisting entities. The current OMB Task Force on Interagency Contracting, formed to address the management concerns raised by the Government

Accountability Office, has the breadth of participation to allow a balance between the need for explicit guidance with clear performance measures and the need for a reasonable degree of flexibility in implementation. The Working Group believes that the OMB Task Force should remain in existence until the task of promulgating procedures and mechanisms for these vehicles and entities has been completed.

8. OMB promulgation of detailed policies, procedures, and requirements should include:

- a. **Business case justification analysis (GWACs as model).**
- b. **Projected scope of use (products and services, customers, and dollar value).**
- c. **Explicit coordination with other vehicles/entities.**
- d. **Ability of agency to apply resources to manage vehicle.**
- e. **Projected life of vehicle including the establishment of a sunset, unless use of a sunset would be inappropriate given the acquisitions made under the vehicle.**
- f. **Structuring the contract to accommodate market changes associated with the offered supplies and services (e.g. market research, technology refreshment, and other innovations).**
- g. **Ground rules for use of support contractors in the creation and administration of the vehicle.**
- h. **Criteria for upfront requirements planning by ordering agencies before access to vehicles is granted.**
- i. **Defining post-award responsibilities of the vehicle holders and ordering activities before use of the vehicle is granted. These criteria should distinguish between the different sets of issues for direct order type vehicles versus vehicles used for assisted buys, including data input responsibilities.**
- j. **Guidelines for calculating reasonable fees including the type and nature of agency expenses that the fees are expected to recover. Also establish a requirement for visibility into the calculation.**
- k. **Procedures to preserve the integrity of the appropriation process, including guidelines for establishing bona fide need and obligating funds within the authorized period.**
- l. **Require training for ordering agencies' personnel before access to the vehicle is granted.**
- m. **Use of interagency vehicles for contracting during emergency response situations (e.g. natural disasters).**
- n. **Competition process and requirements.**
- o. **Agency performance standards and metrics.**
- p. **Performance monitoring system.**
- q. **Process for ensuring transparency of vehicle features and use.**
 - i. **Defined point of contact for public – Ombudsman.**

- r. Guidance on the relationship between agency mission requirements/core functions and the establishment of interagency vehicles (e.g. distinction between agency expansion of internal mission-related vehicles to other agencies vs. creation of vehicles from the ground up as interagency vehicles)**
- 9. OMB conduct a comprehensive, detailed analysis of the effectiveness of Panel recommendations and agency actions in addressing the findings and deficiencies identified in the Acquisition Advisory Panel report. This analysis should occur no later than three years after initial implementation with a continuing requirement to conduct a new analysis every three years.**

In order to achieve the greatest impact in performing its analysis, OMB should publish a timeline for carrying out the analysis, including an identification of agencies' responsibilities, as soon as practicable. In conducting its analysis, OMB should evaluate the degree of compliance of a representative sample of vehicles with business case guidance stipulated by OMB as well as an analysis of the degree to which the vehicles in the sample represent unwarranted duplication or overlap with other interagency and enterprisewide vehicles. The evaluation should incorporate recommendations for consolidating or terminating vehicles where unwarranted duplication or overlap has been identified. The analysis should also include identification of any cost savings associated with the implementation of the recommendations and proposed measures to address the unintended negative consequences of such recommendations. Finally, OMB should include in each analysis formal consideration of whether to require OMB-level approval on a case-by-case basis of agency decisions to create or continue vehicles or assisting entities that are not otherwise covered under a statutorily mandated process.